

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 L-03 AID-05 CIAE-00 COME-00 EB-07
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 INT-05
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R 210740Z DEC 76
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 5603
INFO AMEMBASSY SINGAPORE

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E.O. 11652: N/A
TAGS: EINV, MY
SUBJECT: INDUSTRIAL COORDINATION ACT

REF: KUALA LUMPUR 6609

1. SUMMARY. DESPITE FACT THAT TEXT STILL BEING NEGOTIATED WITH REPRESENTATIVES OF PRIVATE SECTOR ASSOCIATIONS, GOM HAS TABLED AND AMENDMENT (WITHOUT SUPPORTING TEXT) TO UNPOPULAR INDUSTRIAL COORDINATION ACT (ICA). GOVERNMENT'S INTENTION IS TO INDICATE PUBLICLY ITS WILLINGNESS TO AMEND ACT AND MINISTRY OF TRADE AND INDUSTRY HAS BEEN INSTRUCTED TO BE FORTHCOMING IN NEGOTIATIONS. ALONG WITH SIGNING OF OIL AGREEMENTS AND DROPPING OF MANAGEMENT SHARES PROVISION FROM PETROLEUM DEVELOPMENT ACT, THIS ACTION IS CALCULATED TO IMPROVE MALAYSIA'S INVESTMENT CLIMATE. END SUMMARY.

2. ON FINAL DAY OF PRESENT PARLIAMENTARY SESSION (DEC 17), MINISTER OF TRADE AND INDUSTRY PRESENTED INDUSTRIAL COORDINATION (AMENDMENT) BILL FOR "FIRST READING." IN FACT, NO READING WAS POSSIBLE BECAUSE TEXT OF ACT, WHICH WILL AMEND INDUSTRIAL COORDINATION ACT, HAS NOT YET BEEN WRITTEN. GOM'S PURPOSE IN PRESENTING BILL AT THIS TIME WAS TO INDICATE
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ITS INTENTION TO AMEND ICA AT NEXT SESSION OF PARLIAMENT (PROBABLY IN JANUARY) WHEN MANDATORY SECOND AND THIRD READINGS WILL TAKE PLACE. BY THIS TIME, GOM HOPES TO HAVE NEGOTIATED ACCEPTABLE TEXT WITH PRIVATE SECTOR ASSOCIATIONS REPRESENTING MANUFACTURERS IN MALAYSIA.

3. REPRESENTATIVE OF FEDERATION OF MALAYSIAN MANUFACTURERS (FMM) TOLD EMBOFF THAT PRIVATE ASSOCIATIONS VERY PLEASED BY GOM STEP AND THAT NEGOTIATIONS OVER AMENDMENTS HAVE ALREADY BEGUN. BASIS OF NEGOTIATIONS IS MEMORANDUM PREPARED BY FMM (SEE REFTEL). FMM REP ALSO STATED THAT MINISTRY OF TRADE AND INDUSTRY HAS RECEIVED INSTRUCTIONS (PRESUMABLY FROM DR. MAHATHIR'S COMMITTEE ON INVESTMENT) TO BE FORTHCOMING IN NEGOTIATIONS.

4. COMMENT: COUPLED WITH SIGNING OF OIL AGREEMENTS AND AMENDMENT OF MANAGEMENT SHARES PROVISION OF PETROLEUM DEVELOPMENT (AMENDMENT) ACT, GOM EXPRESSION OF SERIOUS INTENTION TO AMEND ICA IS ANOTHER EXAMPLE OF GOVERNMENT'S ATTEMPT TO RECREATE FAVORABLE INVESTMENT CLIMATE IN MALAYSIA. UNDERHILL

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: greeneet
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